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Japan

Trade Policy Monitoring

Japan to Implement Provisional Safeguard Measures from April 23 2001

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Report Highlights:

Tuesday (4/10/01) Japan approved the implementation of provisional safeguard measures on *Welsh onions*, *fresh shiitake mushrooms*, and *tatami-omote mat* for 200 days from April 23 to November 8. A tariff-rate-quota (TRQ) will be used for these products, with the in-quota tariff remaining at the current 3% for *Welsh onions*, 4.3% for *fresh shiitake mushrooms*, and 6% for *tatami-omote mat*, and the out-of-quota tariff being 256%, 266%, and 106% respectively. In-quota volumes will be calculated on the basis of the last 3 year average of the imports.

Includes PSD changes: No
Includes Trade Matrix: No

Unscheduled Report
Tokyo [JA1], JA

At the Cabinet meeting on April 10 (Tuesday), the government of Japan (GOJ) approved the implementation of provisional safeguard measures on *Welsh onions*, *fresh shiitake mushrooms*, and *tatami-omote mat* for 200 days starting April 23 through November 8. A tariff-rate-quota (TRQ) will be used for these products. The current tariffs (3% for *Welsh onions*; 4.3% for *fresh shiitake mushrooms*; 6% for *tatami-omote mat*) will be applied on in-quota volumes, calculated on the basis of the last 3 year average imports, and the out-of-quota tariffs (256% for *Welsh onions*; 266% for *fresh shiitake mushrooms*; 106% for *tatami-omote mat*), will be added on out-of-quota imports. (see following table for details). The Government of Japan (GOJ) plans to notify the World Trade Organization (WTO) after an official Cabinet order under Japan's Tariff Law is made at the Cabinet meeting slated for April 17.

GOJ's decision reportedly resulted from strong political pressure from the Liberal Democratic Party (LDP), in preparation for the upcoming upper house election scheduled in July. As most of these three products are likely to be imported under the quota until July, no major trade disruption is expected to occur until the completion of election. The Ministry of Agriculture, Forestry and Fisheries (MAFF) anticipates that in-quota imports will be filled by July for *Welsh onions*, by October for *fresh shiitake mushrooms* and by August for *tatami-omote mats*. Some media reported that the impact of the provisional measures on Japanese consumers would be minimal, because Welsh onions and fresh shiitake mushrooms are usually consumed during the winter time. However, another editorial reported that Japanese consumers would be affected if domestic production of these commodities is not increased during implementation of the safeguard or if the GOJ expands the safeguard measures to other products, currently on the watch list.

In continuing negotiations with China, Vice-Minister Matsuoka of the Ministry of Agriculture, Forestry and Fisheries (MAFF) plans to visit China as early as April 12 to seek their understanding. China has been reportedly denying possible export restrictions for these commodities. MAFF Minister Yatsu told the press on April 10 that if it's necessary, Minister Yatsu is also planning to visit China for further negotiations.

In addition to provisional safeguard measures, GOJ has also taken other measures to curb imports of vegetables from China including slowing down quarantine inspections at ports and asking Japanese seed companies not to export vegetable seeds to China.

The following is a summary of GOJ's provisional safeguard measures according to major Japanese media reports and the results of GOJ's investigation:

Commodity	Current Tariff	Quota within Current Tariff for 200 days	Secondary Tariff beyond left column	Imports (3 year average from 1997 to 1999)
Welsh Onions (MT)	3%	5,383	256%	9,823

Fresh Shiitake (MT)	4.3%	8,003	266%	29,684
Tatami-Omote (1,000 sheets)	6%	4,676	106%	10,847

Results of the Investigation by the Government of Japan

Welsh Onions					
	1996	1997	1998	1999	2000
Imports (MT)	1,504	1,471	6,802	21,197	37,375
- % change from previous year	(-)	(-2.2)	(362.4)	(211.6)	(76.3)
- Increase in volume (MT)	(-)	(-33)	(5,331)	(14,395)	(16,178)
Market share of imported onions (%)	0.4	0.4	1.7	5.0	8.2
Sales value of domestic onions (100 million yen)	1,048	1,160	1,354	1,204	925
- % change from previous year	(-)	(10.7)	(16.7)	(-11.1)	(-23.2)
Average price of domestic onions (yen/kg)	252	278	340	300	222
- % change from previous year	-	(10.3)	(22.3)	(-11.8)	(-26.0)
Sales volume of domestic onions (MT)	415,900	417,300	398,200	401,400	416,600
- % change from previous year	(-)	(0.3)	(-4.6)	(0.8)	(3.8)
Domestic production (MT)	546,800	549,200	508,500	532,400	396,200*
- % change from previous year	(-)	(0.4)	(-7.4)	(4.7)	*Apr - Dec
Gross income per farm (1,000 yen)	2,342	2,668	3,057	2,707	2,012
- % change from previous year	(-)	(13.9)	(14.6)	(-11.4)	(-25.7)
Expenditures per household (1,000 yen)	1,368	1,453	1,505	1,477	1,453
- % change from previous year	(-)	(6.2)	(3.5)	(-1.8)	(-1.7)
Income (1,000 yen)	974	1,214	1,553	1,230	559
- % change from previous year	(-)	(24.7)	(27.8)	(-20.8)	(-54.6)
Total labor hours (1,000 hours)	127,596	126,835	125,229	126,525	99,681*
- % change from previous year	(-)	(-0.6)	(-1.3)	(1.0)	*Apr - Dec
Fresh Shiitake Mushrooms					
	1996	1997	1998	1999	2000
Imports (MT)	24,394	26,028	31,396	31,628	42,057
- % change from previous year	(-)	(6.7)	(20.6)	(0.7)	(33.0)
- Increase in volume (MT)	(-)	(1,634)	(5,368)	(232)	(10,429)
Market share of imported Shiitake (%)	24.5	25.8	29.7	31.0	38.5
Sales value of domestic Shiitake (100 million yen)	811	778	727	669	615
- % change from previous year	(-)	(-4.1)	(-6.6)	(-8.0)	(-8.1)

Average price of domestic Shiitake (yen/kg)	1,079	1,041	980	949	915
- % change from previous year	-	(-3.5)	(-5.9)	(-3.2)	(-3.6)
Sales volume of domestic Shiitake (MT)	75,157	74,782	74,217	70,511	67,224
- % change from previous year	(-)	(-0.5)	(-0.8)	(-5.0)	(-4.7)
Total gross income (100 million yen)	822	787	737	684	628
- % change from previous year	(-)	(-4.3)	(-6.4)	(-7.2)	(-8.1)
Total expenditures (100 million yen)	655	634	609	587	567
- % change from previous year	(-)	(-3.3)	(-3.8)	(-3.7)	(-3.4)
Total income (100 million yen)	167	153	127	97	61
- % change from previous year	(-)	(-8.3)	(-16.9)	(-24.3)	(-36.5)
Total labor hours (1,000 hours)	46,303	44,343	43,997	40,985	39,500
- % change from previous year	(-)	(-4.2)	(-0.8)	(-6.8)	(-3.6)
Tatami Mats					
	1996	1997	1998	1999	2000
Imports (1,000 sheets)	11,369	8,628	10,344	13,569	20,300
- % change from previous year	(-)	(-24.1)	(19.9)	(31.2)	(49.6)
- Increase in volume (1,000 sheets)	(-)	(-2,741)	(1,716)	(3,225)	(6,731)
Market share of imported Tatami (%)	29.7	25.6	32.7	46.0	59.4
Sales value of domestic Tatami (100 million yen)	351	301	207	164	135
- % change from previous year	(-)	(-14.2)	(-31.1)	(-20.7)	(-17.7)
Average price of domestic Tatami (yen/sheet)	1,302	1,200	974	1,033	970
Domestic production (1,000 sheets)	26,937	25,088	21,302	15,923	13,872
Total income (100 million yen)	158	92	48	46	22
- % change from previous year	(-)	(-41.7)	(-48.3)	(-4.4)	(-52.0)
Total labor hours (1,000 hours)	38,448	36,248	31,418	24,148	18,814
- % change from previous year	(-)	(-5.7)	(-13.3)	(-23.1)	(-22.1)
Number of farms	4,416	4,106	3,582	2,817	2,244
- % change from previous year	(-)	(-7.0)	(-12.8)	(-21.4)	(-20.3)